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EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Seventy-third Meeting
Paris, 9-13 November 2014

PROJECT PROPOSAL: CHILE

This document consists of the comments and recommendation of the Secretariat on the following project proposal:

Phase-out

- HCFC phase-out management plan (stage I, third tranche) UNDP and UNEP

PROJECT EVALUATION SHEET – MULTI-YEAR PROJECTS

Chile

(I) PROJECT TITLE	AGENCY
HCFC phase out plan (Stage I)	UNDP (lead), UNEP

(II) LATEST ARTICLE 7 DATA (Annex C Group I)	Year: 2013	75.99 (ODP tonnes)
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(III) LATEST COUNTRY PROGRAMME SECTORAL DATA (ODP tonnes)								Year: 2013	
Chemical	Aerosol	Foam	Fire fighting	Refrigeration		Solvent	Process agent	Lab Use	Total sector consumption
				Manufacturing	Servicing				
HCFC-123		0.03			0.03				0.03
HCFC-124		0			0				0
HCFC-141b		39.7			2.53				42.20
HCFC-141b in Imported pre-blended polyol		33.20							33.20
HCFC-142b					0.19				0.19
HCFC-22		1			32.38				33.38
HCFC-225					0.19				0.19

(IV) CONSUMPTION DATA (ODP tonnes)			
2009 - 2010 baseline:	87.5	Starting point for sustained aggregate reductions:	100.3
CONSUMPTION ELIGIBLE FOR FUNDING (ODP tonnes)			
Already approved:	25	Remaining:	75.3

(V) BUSINESS PLAN		2014	2015	2016	Total
UNEP	ODS phase-out (ODP tonnes)	0.3	0.3	0.5	1.2
	Funding (US \$)	30,535	30,535	46,444	107,514
UNDP	ODS phase-out (ODP tonnes)	3.6	1.4	1.1	6.1
	Funding (US \$)	317,925	120,980	93,266	532,171

(VI) PROJECT DATA			2011	2012	2013	2014	2015	Total
Montreal Protocol consumption limits			n/a	n/a	87.5	87.5	78.8	n/a
Maximum allowable consumption (ODP tonnes)			n/a	n/a	87.5	87.5	78.8	n/a
Agreed Funding (US\$)	UNDP	Project costs	465,566	537,357	295,744	112,540	86,759	1,497,966
		Support costs	34,917	40,302	22,181	8,440	6,507	112,347
	UNEP	Project costs	153,217	40,127	27,022	27,022	41,101	288,489
		Support costs	19,918	5,217	3,513	3,513	5,343	37,504
Funds approved by ExCom (US\$)	Project Costs		618,783	577,484	0	0	0	1,196,267
	Support Costs		54,835	45,519	0	0	0	100,354
Total funds requested for approval at this meeting (US\$)	Project Costs		0	0	0	322,766	0	322,766
	Support Costs		0	0	0	25,694	0	25,694

Secretariat's recommendation:	Blanket approval
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PROJECT DESCRIPTION

1. On behalf of the Government of Chile, UNDP as the lead implementing agency, has submitted to the 73rd meeting a request for funding for the third tranche of stage I of the HCFC phase-out management plan (HPMP)¹, at a total cost of US \$348,460, consisting of US \$295,744, plus agency support costs of US \$22,181 for UNDP, and US \$27,022, plus agency support costs of US \$3,513 for UNEP. The submission includes a progress report on the implementation of the second tranche of the HPMP and the tranche implementation plan for 2015.

Progress report on the implementation of the second tranche of the HPMP

2. The main activities implemented during the last two tranches of the HPMP included the continued implementation of the regulatory framework for HCFCs, and the quota system for the control of HCFC imports/exports enforced since January 2013. Training for enforcement and customs officers continued, with eight workshops completed, resulting in 130 officers trained, as well as the distribution of five portable refrigerant identifiers. An agreement was signed between the Ministry of the Environment and the Customs Service to enable reporting and sharing of information about ODS imports and exports between the two agencies, with the Ozone Coordinator as the designated focal point.

3. For the refrigeration and air-conditioning servicing sector, training on good refrigeration practices (GRP), and certification of technicians continued with 63 technicians certified and 175 more trained. The training manual was updated to include information on alternatives to HCFCs with low-global warming potential (GWP) and energy efficiency considerations. Activities to provide technical assistance to supermarkets were held, with several consultation meetings conducted focusing on preparation of conversion designs using no- or low-GWP, and high energy efficiency alternatives. In one supermarket, the design of the technical proposal has been completed and it is expected that this will be implemented early next year. The project also continued to explore options to eliminate the use of HCFC-141b in flushing refrigeration circuits, an important component of the training courses. Guidelines on consideration of alternatives to this application are being developed.

4. A consultant and two experts on refrigeration were hired to support the national ozone unit (NOU) in the HPMP implementation activities. An independent consultant was hired to verify the HCFC consumption.

Verification report of national HCFC consumption targets

5. A verification report for the year 2013 was submitted along with the tranche request. The report confirmed that the Government is implementing a licensing and quota system for HCFC imports and exports and that the total consumption of HCFCs for 2013 was 75.8 ODP tonnes, which is below its baseline (87.5 ODP tonnes).

Level of fund disbursement

6. As of November 2014, of the US \$577,484 approved for the second tranche, US \$206,275 had been disbursed (US \$190,569 for UNDP and US \$15,706 for UNEP). The balance of US \$371,209 will be disbursed in 2015. Table 1 presents the financial report of the first two tranches of the HPMP.

¹ The HPMP for Chile was approved by the Executive Committee at its 63rd meeting to reduce HCFC consumption by 10 per cent of the baseline by 1 January 2015. The third tranche was originally planned for 2013 but only submitted to the 73rd meeting.

Table 1. Financial report of the first and second tranches of the HPMP for Chile

Tranches	First tranche		Second tranche		Total approved	
	Approved	Disbursed	Approved	Disbursed	Approved	Disbursed
UNDP	465,566	261,017	537,357	190,569	1,002,923	451,586
UNEP	153,217	93,261	40,127	15,706	193,344	108,967
Total	618,783	354,278	577,484	206,275	1,196,267	560,553
Disbursement rate (%)	57%		36%		47%	

Implementation plan for the third tranche of the HPMP

7. The main activities to be implemented during the third tranche of the HPMP include:
- (a) Continued implementation of the regulatory framework for HCFCs with the modification of Decree N° 37/2007 to include HCFCs; implementation of a HCFC control system in the Customs Service; and harmonization of the HCFC control system with other institutions (UNEP) (US \$8,650);
 - (b) Training of 100 technician on good practices in refrigeration (5 workshops), and development of training manuals to support technician certification programme (UNDP) (US \$43,391);
 - (c) Continued implementation, monitoring and updating of the technician certification system through the training of evaluators and certification of qualified technicians (UNDP) (US \$41,400);
 - (d) Technical assistance to the supermarket sector, including subsidies to assist in their conversion to CO₂ technology in two supermarkets; and preparation of guidelines and training material for supermarket conversion (UNDP) (US \$90,000);
 - (e) Design of a recovery and recycling programme using lessons learned from the earlier programmes under the CFC phase-out, and the establishment of a pilot centre at the capital city to assess the feasibility of implementing the same approach in other regions in the country (UNDP) (US \$93,453);
 - (f) Awareness raising programme including outreach campaigns to promote the use of HCFC-free technologies and products; and training of school teachers on the Montreal Protocol and ozone layer protection (UNEP) (US \$18,372) and;
 - (g) Programme management and monitoring with a local consultant to support HPMP implementation and with technical advisers on refrigeration and air-conditioning (RAC) (UNDP) (US \$27,500).

SECRETARIAT'S COMMENTS AND RECOMMENDATION**COMMENTS**Operational licensing system

8. The Government of Chile has already issued HCFC import quotas for 2014 and 2015 in accordance with the Montreal Protocol control targets at 84.5 ODP tonnes and 76.0 ODP tonnes respectively.

HCFC consumption

9. The 2009-2013 HCFC consumption in the Chile is shown in Table 2. The HCFC consumption in 2012 and in 2013 is below the baseline for compliance.

Table 2. HCFC consumption in Chile (2009-2013 Article 7 data)

HCFC	2009	2010	2011	2012	2013	Baseline
Metric tonnes						
HCFC-22	920.7	797.7	1,045.30	864.99	606.96	859.2
HCFC-123	0.4	2.5	2.53	6.05	1.54	1.4
HCFC-124	0.4	0.7	0.41	0.31	0.07	0.5
HCFC-141b	219.7	494.6	459.71	514.73	383.66	357.1
HCFC-142b	6.0	13.3	8.85	15.72	2.86	9.7
HCFC-225		8.4	4.50	6.3	2.70	4.2
Total (mt)	1,147.1	1,317.1	1,521.29	1,408.1	997.79	1,232.1
ODP tonnes						
HCFC-22	50.64	43.87	57.51	47.57	33.38	47.3
HCFC-123	0.01	0.05	0.05	0.12	0.03	0.0
HCFC-124	0.01	0.01	0.01	0.01	0.00	0.0
HCFC-141b	24.16	54.51	50.57	56.52	42.20	39.3
HCFC-142b	0.39	0.87	0.58	1.02	0.19	0.6
HCFC-225	0.0	0.24	0.13	0.18	0.19	0.3
Total (ODP tonnes)	75.21	99.45	108.85	105.52	75.99	87.5

10. UNDP reported that in 2012-2013 the strict implementation of the quota and licensing system in Chile has contributed to the reduction of HCFC consumption, as well as the introduction of alternatives under the HPMP (i.e. HFC-134a, HFC-410a, R-404a and R-407c, among others). Some stockpiling in 2011 and 2012 (before the quota system was enforced) may have also contributed to a reduction in consumption in 2013.

Verification report of national HCFC consumption targets

11. UNDP submitted an independent verification of Chile's 2013 consumption. The verification concluded that Chile is committed to HCFC phase-out, and that the country's ODS regulations and licensing quota system have improved and will lead to the reduction of HCFC consumption. The verification also identified enforcement challenges that included the need for more extensive training of customs officials, the need to improve the reporting system to monitor imports, building capacity of systems houses to better report on the amounts of HCFCs contained in their imported systems, and strengthening the customs laboratory to be better equipped in ODS identification for determination of illegal ODS imports when necessary, among others. The country is confident that with these improved measures in place, future imports of HCFCs will be monitored closely and the quota system will ensure that these are within the limits allowed under the Montreal Protocol.

12. The Secretariat and UNDP discussed these issues and agreed that, while the licensing and quota system are operational and have ensured compliance for 2013, it is urgent to continue addressing the issues identified in the verification report.

Technical issues

13. UNDP reported that the certification process for service technicians is in place, and is managed by the Chamber of Refrigeration. The instruments required to certify the skills of these refrigeration technicians have been identified and include: design of simulators for testing technicians, competencies

using evaluation manuals, training of evaluators, and the completion and passing of a competency test. The capacity of the Chamber of Refrigeration has been strengthened.

Conclusion

14. The Secretariat notes that the implementation of stage I of the HPMP for Chile is progressing well. The activities in the refrigeration servicing sector continue to be implemented as planned. In view of activities underway, the fact that the 2013 reported consumption of HCFCs (75.9 ODP tonnes) is 11.5 ODP tonnes below the allowable consumption of 87.5 ODP tonnes; the operational licensing and quota system is in place; the progress achieved during the second tranche for the servicing sector, and the level of disbursement (47 per cent); and that the country undertakes to address issues raised in the independent verification report, the Secretariat recommends approval of the funding for the tranche.

RECOMMENDATION

15. The Fund Secretariat recommends that the Executive Committee takes note of the progress report on the implementation of the second tranche of stage I of the HCFC phase-out management plan of (HPMP) in Chile, and further recommends blanket approval of the third tranche of stage I of the HPMP for Chile, and the corresponding 2015 tranche implementation plan, with associated support costs at the funding level shown in the table below, on the understanding that approval of further funding will be subject to satisfactorily addressing the issues on the licensing and quota system identified in the verification report:

	Project title	Project funding (US \$)	Support cost (US \$)	Implementing agency
(a)	HCFC phase-out management plan (stage I, third tranche)	295,744	22,181	UNDP
(b)	HCFC phase-out management plan (stage I, third tranche)	27,022	3,513	UNEP
